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BOOK 428 PAGE 338

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 7<sup>th</sup> day of NOVEMBER, 20 03, between  
Hue D. Veach and Geraldine E. Veach, His Wife

and Hampshire Gas Company, hereinafter called lessor,  
hereinafter called lessee,

WITNESSETH:

1. That lessor, for and in consideration of Two Hundred Forty & 00/100 Dollars (\$ 240.00), in hand paid, and of the covenants and agreements hereinafter contained to be performed by lessee, has this day granted and leased and hereby grants, leases and lets unto lessee for the purpose and with the exclusive right to explore and operate for the produce oil and gas, including casinghead gas and casinghead gasoline, condensate and all related hydrocarbons and all products produced therewith; together with the right of way and the right to lay pipe lines to transport gas and/or oil that may be produced from this or any other properties, build tanks, store oil, build power stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of such substances; the following described tract of land situate in Gore District, County of Hampshire, State of West Virginia, bounded substantially as follows:

On the North by lands of M. Bradford & R. Lee

On the South by lands of H. Wolford, Life

On the East by lands of D. Gresham

On the West by lands of H. Wolford, Life & Route 50/15

Shown on Tax Map 30, Parcel 2

containing 40.00 acres of land, more or less, being the same land conveyed to the lessor by deed from Leldon Veach and Wanda Veach, His Wife

dated August, 1970 and recorded in Book 191 at Page 222 in the Recorder's office of the said County, and also, in addition to the above described land, any and all strips or parcels of land adjoining or contiguous to the above described land and owned or claimed by lessor.

2. This lease shall remain in force for a primary term of ten (10) years and as long thereafter as oil, gas or any other mineral covered by this lease is produced or this lease is extended by any subsequent provision hereof.

3. (a) Lessee shall deliver to the credit of lessor as royalty, free of cost, in the pipeline to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

(b) Lessee shall pay lessor, as royalty, for gas produced from any well on leased premises and used or sold by lessee off leased premises, or used by lessee in the manufacture of gasoline or any other product, one-eighth. If such gas is sold by lessee at the well, then lessee shall pay lessor, as royalty, one-eighth. Lessor shall have 150,000 cubic feet of gas per year free of charge from any well on leased premises producing gas only for stoves and inside lights in the principal dwelling house on said land by making his own connection with the well, the use of said gas to be at lessor's sole risk and expense; any gas so used in excess of 150,000 cubic feet per year shall be purchased by the lessor at a fair market price.

(c) The royalties herein provided shall not be payable on any oil, gas or other mineral covered by this lease which is produced from any strata being utilized for storage purposes under the leased premises.

(d) This lease shall continue in full force for so long as there is a well or wells on leased premises capable of producing oil or gas, but in the event all such wells are shut-in and not produced for a period of twelve (12) months by reason of the lack of a market at the well or wells, by reason of Federal or State laws, executive orders, rules or regulations (whether or not subsequently determined to be invalid), or for any other reasons beyond the reasonable control of lessee, then on or before the end of such shut-in year, lessee shall pay or tender to the lessor, or to the credit of lessor in the depository bank hereinafter designated, as royalty, an amount equal to the delay rental hereinafter provided for.

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, lessee shall pay or tender to the lessor or mail to the lessor at P.O. Box 536, Augusta, State of West Virginia, 26704, or pay or tender for the lessor's credit in the Bank at \_\_\_\_\_ or its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all rental and other sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue hereunder, the sum of -TWO-

Dollars (\$ 2.00 ) per acre which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively during the primary term hereof. All payments or tenders may be made by check or draft of lessee or any assignee thereof. Failure to pay or error in paying any rental or other payment due hereunder shall not constitute a ground of forfeiture of this lease and shall not affect lessee's obligation to make such payment, but lessee shall not be considered in default on account thereof until lessor has first given lessee written notice of the nonpayment and lessee shall have failed for a period of thirty (30) days after receipt of such notice to make payment. Upon an assignment of this lease as to a segregated portion of leased premises, such rental shall be apportioned among the several leasehold owners ratably on an acreage basis.

5. If, at any time during the primary term hereof, lessee shall drill a dry hole on said land when oil or gas is not being produced therefrom, or if at any time after the discovery of oil or gas on the leased premises production therefrom shall cease during the primary term hereof, this lease shall continue in force and lessee, on or before the anniversary date of this lease next following the ninetieth (90<sup>th</sup>) day after the completion of such dry hole or such cessation of production, shall, if such anniversary date be within the primary term hereof, either commence operations for the drilling, reworking, deepening or plugging back of a well or commence or resume the payment of rentals in the amount and in the manner above provided, and in the latter event the preceding paragraph hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

6. If, at the expiration of the primary term hereof, there is no production of oil or gas on the leased lands, but lessee is engaged in operations for drilling, reworking, plugging back, or deepening a well thereon, this lease shall remain in force and its terms shall continue for so long as such operations, or additional drilling, reworking, plugging back, or deepening operations commenced while such operations are in progress, or within thirty (30) days after the cessation thereof, are prosecuted, and, if production results therefrom, then so long as production continues.

7. If, after the expiration of the primary term of this lease, production on the leased premises shall cease, this lease shall not terminate, provided that lessee commences operations for drilling, reworking, plugging back, or deepening a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations, or additional drilling, reworking, plugging back, or deepening operations commenced while such operations are in progress, or within thirty (30) days after the cessation thereof, and, if production results therefrom, then so long as production continues.

8. If this lease covers a less interest in the oil and gas and oil and gas rights in all or any part of leased premises than the entire and undivided fee simple estate therein (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, rentals, and other moneys accruing from any part as to which this lease covers less than such full interest shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole or undivided fee simple estate therein. All royalty interests covered by this lease, whether or not owned by lessor, shall be paid out of the royalty herein provided.

9. Lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, lessee shall bury pipe lines below normal plow depth in cultivated areas and shall pay for damage caused by its operations on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

10. This lease and all of the terms, provisions and covenants hereof, shall extend to and be binding upon all of the heirs, devisees, executors, administrators, successors and assigns of lessor and lessee. The estate of either party hereto may be assigned in whole or in part, but no change of ownership in leased premises, or in the rentals or royalties, or of the right to receive payments hereunder, whether by act of the parties or by operation of law, shall be binding on lessee until thirty (30) days after it has been furnished by lessor, or lessor's successor in interest, with evidence satisfactory to lessee of such change of ownership or right to receive payments including, if effected by written instrument, the original recorded instrument or a copy thereof certified by the recording official. Regardless of changes of ownership of leased premises, or portions thereof, leased premises may be developed and operated as one lease and lessee shall have no obligation to offset wells on separate tracts into which leased premises is now or hereafter may be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

11. In the event this lease is assigned as an entirety, or as to a part or as to parts of the above described lands, lessee or any subsequent assignor shall be released from all liability hereunder arising or accruing subsequent to the date of such assignment as to the part or parts so assigned, and the assignee thereof shall thereupon be deemed to have assumed and shall be responsible for the covenants, conditions and obligations of this lease as to the part or parts so assigned. Should the holder or owner of this lease as to any part or parts of the leased premises fail or make default in any of the covenants, conditions or obligations of this lease, express or implied, such failure or default shall not operate to affect this lease insofar as it covers a part or parts of said land upon which lessee or any subsequent assignee hereof shall comply with the terms and provisions of this lease.

12. Lessee, at any time, and from time to time, may surrender this lease as to all or any part or parts of leased premises by recording an appropriate instrument of surrender in the proper county, and thereupon this lease, and the rights and obligations of the parties hereunder, shall terminate as to the part or parts so surrendered. Upon each surrender as to any part or parts of leased premise, the rental specified above shall be proportionately reduced on an acreage basis, and lessee shall have reasonable and convenient easements for then existing pipe lines, pole lines, roadways, and other facilities over the lands surrendered for the purpose of continuing operations on the lands retained.

13. This lease shall never terminate or be forfeited or cancelled in whole or in part, either during or after the primary term hereof, for failure to perform any of its implied covenants, conditions, or obligations until it shall have first been finally judicially determined that such failure exists, and any decree of termination, cancellation or forfeiture shall be in the alternative and shall provide for termination, cancellation, or forfeiture unless lessee comply with the implied covenants, conditions or obligations breached within a reasonable time to be determined by the Court. In the event lessor considers that lessee has not complied with all of its covenants, conditions, and obligations hereunder, both express and implied, lessor shall notify lessee, in writing, setting out specifically in what respects it is claimed that lessee has breached this contract, and lessee shall not be liable to lessor for any damages caused by any breach of a covenant, condition, or obligation, express or implied, occurring more than sixty (60) days prior to the receipt by lessee of the aforesaid written notice of such breach. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all of its obligations hereunder.

14. Lessor hereby warrants and agrees to defend the title to leased premises and agrees that lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against leased premises, and in the event it exercises such option, lessee shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying any royalty or rentals accruing hereunder against the amount paid out in the discharge of such lien. Lessee hereby is given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in leased premises which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor. In the event any Federal or State tax should be imposed on oil or gas produced under this lease, which tax the Lessee should be required to pay, Lessor agrees to pay his proportionate share of such tax and authorizes Lessee to make the necessary deductions from any rental or royalties coming due hereunder.

15. No part of the surface of leased premises, without the prior consent of lessee, shall be let, granted, or licensed by lessor to any other party for the erection, construction, location, or maintenance of structures, tanks, pits, reservoirs, equipment, machinery, or wells for the purpose of, or in connection with, the exploration, development, or operation for oil or gas on adjacent land or the production oil or gas therefrom or the storage of such production.

16. This lease shall not be terminated, in whole or in part, nor shall lessee be held liable in damages, for failure to comply with the express or implied covenants hereof, if compliance therewith is prevented by, or if such failure is the result of, any Federal or State laws, executive orders, rules, or regulations, whether valid or invalid. If, at the end of the primary term hereof, such term has not been extended by production or drilling as in this lease provided, and lessee, by reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the primary term and the rental provision hereof shall be extended automatically from year to year until the first anniversary hereof occurring ninety (90) or more days following the removal of such delaying cause. During any period that lessee is unable to produce and/or market any products from the leased premises by reason of any of the above recited causes, this lease shall remain in full force and effect.

17. Lessee hereby is given the right at its option, at any time within twenty (20) years from the date hereof (if the lease is then in effect), and from time to time within such period, to pool all or any part or parts of leased premises or rights therein with any other land in the vicinity thereof, or with any leasehold, operating or other rights or interests in such other land so as to create units of such size and surface acreage as lessee may desire but containing not more than forty-five (45) acres; provided, however, a unit may be established hereunder containing not more than 640 acres plus 10% acreage tolerance if unitized only as to gas rights or as to gas and condensate. If at any time larger units are required under any then applicable law, rule, regulations or order of any governmental authority for the drilling, completion, or operation of a well, or for obtaining maximum allowable, any such unit may be established or enlarged to conform to the size specified. Each unit may be created by governmental authority or by a Declaration containing a description of the unit so created, specifying the mineral or horizon so pooled, if so limited. Any well which is commenced, or is drilled or is producing on any part of any lands theretofore or thereafter so pooled shall, except for the payment of royalties, be considered a well commenced, drilled, and producing on leased premises under this lease. There shall be allocated to the portion of leased premises included in any such pooling such proportion of the actual production from all lands so pooled as such portion of leased premises, computed on an acreage basis, bears to the entire acreage of the lands so pooled. The production so allocated shall be considered for the purpose of payment or delivery of royalty to be the entire production from the portion of leased premises included in such pooling in the same manner as though produced from such portion of leased premises under the terms of this lease. Each of said options may be exercised by lessee from time to time, and a unit may be formed either before or after a well has been drilled or production has been established on leased premises or on the portion of leased premises which is included in the pool or on other lands which are pooled therewith.

18. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws of the state wherein leased premises are situated insofar as the same in any way may affect the purpose for which this lease is made.

IN WITNESS WHEREOF, we sign and seal this instrument as of the day and year fist above written.

Witness:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Hue D. Veatch* (Seal)  
 \_\_\_\_\_ (Seal)  
 \_\_\_\_\_ (Seal)  
 \_\_\_\_\_ (Seal)

ACKNOWLEDGMENT

STATE OF WV }  
COUNTY OF Hamp } SS.

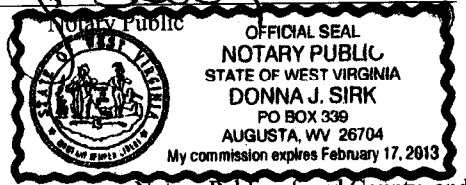
I, Donna J. Sirk a Notary Public of said County,

do certify that Hue D. Urack  
whose name (or names) is (or are) signed to the writing above (or hereto annexed) bearing date on the 7 day of November  
2003, has (or have) this day acknowledged the same before me, in my said County.

Give under my hand this 7 day of November, 2003.

My Commission Expires: 2-17-2013

Donna J. Sirk



ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

I, \_\_\_\_\_, a Notary Public of said County, and

State, do certify that \_\_\_\_\_  
to me personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before  
me this day in person and acknowledged to me that he/she executed the same as \_\_\_\_\_ free and  
voluntary act and deed, for the uses, purposes consideration therein expressed, including the relinquishment of dower and homestead.

Give under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Notary Public

ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

I, \_\_\_\_\_, a Notary Public of said County, and

State, do certify that \_\_\_\_\_  
to me personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before  
me this day in person and acknowledged to me that he/she executed the same as \_\_\_\_\_ free and  
voluntary act and deed, for the uses, purposes consideration therein expressed, including the relinquishment of dower and homestead.

Give under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

I, \_\_\_\_\_, a Notary Public of said County, and

State, do certify that \_\_\_\_\_  
to me personally known, and known to me to be the same person who executed the foregoing instrument as \_\_\_\_\_  
President of \_\_\_\_\_ a  
corporation, appeared before me this day in person and, being first duly sworn, acknowledged that he/she is the \_\_\_\_\_  
President of said corporation, that the seal affixed to said instrument is the corporate seal of said corporation, and  
that said instrument was signed, sealed, and delivered in behalf of said corporation by authority of its Board of Directors, and further  
acknowledged said instrument and his/her executive thereof to be the free and voluntary act and deed of said corporation, for his/her own free  
and voluntary act and deed for the uses, purposes consideration therein expressed.

Give under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Notary Public

Prepared By: Gregory W. Rinker

This instrument was filed for record on the _____	
day of _____, 20_____ at _____ o'clock	HAMPSHIRE COUNTY COMM. OIL & GAS LEASE CLERK 38 Date/Time: 11/20/2003 11:13 Inst #: 5601 Book/Page: 428- / 339- Rec'd/Tak: 6.00
and duly recorded in Book _____, Page _____	
of the _____ records of this office.	
County Clerk _____ County, _____	

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 11/20/03 11:13 A.M.

The foregoing Instrument, together with the certificate of its acknowledgment, was this day presented in said office  
and admitted to record.

Teste Sharon N. Link Clerk.